

WATER/FLC:jrb

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4408

July 10, 2003

R E S O L U T I O N

**(RES. W-4408), WATERTEK, INC., INDIAN SPRINGS DISTRICT
(WISD). ORDER AUTHORIZING A NEW MEMORANDUM
ACCOUNT TO TRACK THE COST OF MOSQUITO
ABATEMENT AT ITS INDIAN SPRINGS EFFLUENT POND.**

SUMMARY

This resolution establishes a memorandum account to track the cost of vegetation removal for mosquito abatement as required by the Northern Salinas Valley Mosquito Abatement District.

BACKGROUND

By letter dated June 18, 2003, WISD requests a memorandum account to track the cost of vegetation removal for mosquito abatement as required by the Northern Salinas Valley Mosquito Abatement District (district). The district sent a letter dated May 28, 2003 to WISD stating that the “wastewater treatment pond serving the Indian Springs community has progressed to a condition such that mosquito production is now a concern...” and “steps must be taken to significantly reduce or eliminate this vegetation.” The district’s board of trustees consists of representatives from the City and the County of Monterey, and the Cities of Salinas, Sand City, Marina, Del Rey Oaks and Seaside. The district has a 50-foot excavator and has offered to remove the vegetation at a cost of \$100 per hour with the condition that WISD then remove the vegetation from the property.

WISD’s last general rate increase (GRC) was authorized by Resolution No. (Res.) W-4363, dated November 21, 2002, in which the Commission authorized a \$34,930 or 50.1% increase in rates to cover operating expenses and provide for a 20% operating margin. WISD serves 175 sewer customers near Salinas in Monterey County.

DISCUSSION

This cost was not included in WISD's last GRC. In fact, the Commission did not authorize any contract labor expense at all for WISD in Res. W-4363. Clearly this is an unanticipated cost and one imposed on the utility by a regulatory body. The utility asserts that it does not have adequate revenues to cover these costs and that it will request a surcharge of \$19.92 per customer for three months to recover the estimated \$10,520 that the District and the debris removal company would need to do the work. Thus this cost is clearly eligible for memorandum account tracking.

Because the district is offering to do the work itself, however, the issue of self-dealing arises. While we want our utilities to comply with all local mandates, especially those relating to health (the district states "The mosquito species attracted to the pond in their (sic) present condition have been demonstrated to be competent vectors of West Nile Virus (WNV). As you are undoubtedly aware, WNV has moved rapidly across the United States and is forecast to make its presence known in California this summer! (sic)"). We are equally concerned that customers pay only reasonably incurred minimum costs to provide adequate service. Thus we will require WISD to solicit at least three bids for this work, including a bid from the district, and award this work to the lowest competent bidder. WISD will provide this information with its request for surcharge once the work is completed.

Because this work should be done quickly, this resolution should be effective immediately.

NOTICE AND PROTESTS

As this resolution is for the establishment of a memorandum account, public notice is not required. Public notice for recovery of the memorandum account balance will be provided when the utility requests recovery.

COMPLIANCE

There are no outstanding compliance issues. Service is satisfactory. There are no significant service problems requiring corrective action.

FINDINGS

1. Watertek, Inc., Indian Springs District has been asked by the Northern Salinas Valley Mosquito Abatement District to remove vegetation from around its effluent pond.
2. This request is reasonable and may result in an improvement in public health.
3. The Northern Salinas Valley Mosquito Abatement District has offered to perform this work for \$100 per hour, using its own equipment.
4. The utility would also incur the cost of debris removal.
5. The total estimated cost of this project is \$10,520.
6. Because entities other than the Northern Salinas Valley Mosquito Abatement District may be able to perform the vegetation removal and because the cost may be cheaper, it is reasonable to require WISD to solicit bids for this project.
7. WISD shall justify the costs of this project when requesting recovery.

THEREFORE IT IS ORDERED THAT:

1. Watertek, Inc., Indian Springs District, is authorized to establish a memorandum account to track the costs of vegetation and debris removal from around its effluent pond.
2. Watertek, Inc., Indian Springs District, shall record the actual incurred costs into the account.
3. Watertek, Inc., Indian Springs District, shall solicit at least two more bids to perform this work.
4. Watertek, Inc., Indian Springs District, is authorized to file for recovery of reasonably incurred minimum expenses after the work is completed. It shall fully justify recovery.

5. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 10, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director